

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 56th LEGISLATURE - REGULAR SESSION

STATE ADMINISTRATION

Call to Order: By **CHAIRMAN MATT BRAINARD**, on January 6, 1999 at 9:00 A.M., in Room 420 Capitol.

ROLL CALL

Members Present:

Rep. Matt Brainard, Chairman (R)
Rep. Toni Hagener, Vice Chairman (D)
Rep. Allan Walters, Vice Chairman (R)
Rep. Darrel Adams (R)
Rep. Joan Andersen (R)
Rep. Edith Clark (R)
Rep. Tom Dell (D)
Rep. George Golie (D)
Rep. Donald L Hedges (R)
Rep. Monica Lindeen (D)
Rep. Jeff Mangan (D)
Rep. Brennan Ryan (D)
Rep. Frank Smith (D)
Rep. Bill Tash (R)
Rep. Bill Thomas (R)
Rep. Doug Wagner (R)

Members Excused: Rep. Douglas Mood (R)

Members Absent: None.

Staff Present: Sheri Heffelfinger, Legislative Services Division
Karen Mills, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Introduction: **SEN. JACK WELLS**

Presentation by Sheri Heffelfinger, Research Analyst

EXHIBIT (sth03a01) EXHIBIT (sth03a02)

{Tape : 1; Side : A; Approx. Time Counter : 0 - 60}

Overview of retirement system. Been a long-time struggle--not knowing where it was going. She recommends an oversight committee and a committee to work on proposals before session began.

Introduction: Mike O'Connor, PERS **EXHIBIT**(sth03a03)
EXHIBIT(sth03a04) Mr. David Senn, TRS **EXHIBIT**(sth03a05) Mr. Glen Leavitt, U-System. **EXHIBIT**(sth03a06)

O'Connor: B= C +I-E is the thesis for all retirement plans.

Governance- 1. a. 10 statewide/state-administered systems
b. Is considered a hybrid system
c. Boards of Trustees
1. Public Employees Retirement System
2. Teacher's Retirement Board
3. Board of Regent's, University System

Kelly Jenkins, Legal Analyst

Muffler/shock absorber affect

Dave Senn: 1. Advantages of retiring early
a. Defined their formulas
b. How assets are invested
c. Lots of flexibility in the system

2. Summary of findings
a. Assets
b. How best to invest returns

3. Formula changes
a. Unfunded liabilities
b. Amortization info

Questions from committee members:

Rep. Tash: Where will the cost of living index factor enter in?

Rep. Brainard: T.R.S. bill we be presented with a cost of living index.

Glenn Leavit: Optional retirement program component T.R.S. or O. R. P. Concern is where they go to carry unfunded liability portion.

Wrap up: Sheri Heffelfinger

1. Two basic plan types of actuarial funding
 - a. Defined or fixed benefit
 - b. Defined contributions
2. Hybrid plan
3. Policy issues
4. Walk through the tables guide before hearing the bills

Questions from committee members and responses:

Rep. Walters: Are we compliant with the computers for year 2,000?

Dave Senn: Yes

Rep. Dell: Actuarial funding requirements--What is the decrease in unfunded liabilities?

Rep. Brainard: Today unfunded liabilities are down. Ex. GABA can be funded internally. House. Bill 79 will give us an overview of defined cont. system.

ADJOURNMENT

Adjournment: 11:20 A.M.

REP. MATT BRAINARD, Chairman

KAREN MILLS, Secretary

MB/KM

EXHIBIT (sth03aad)